

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DELTA NATURAL GAS)	
COMPANY, INC. FOR AN ORDER AUTHORIZING)	
IT TO AMEND ITS TARIFF AND FOR)	
AUTHORITY TO DEVIATE FROM COMMISSION)	CASE NO. 89-041
RULES, IN ORDER TO PERMIT COMPANY)	
OWNERSHIP OF CUSTOMER SERVICE LINES)	

O R D E R

IT IS ORDERED that Delta Natural Gas Company, Inc. ("Delta") shall file the original and 7 copies of the following information with this Commission, with a copy to all parties of record. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. The information requested herein is due 14 days from the date of this Order. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. Does Delta anticipate any cost savings from inspection requirements due to its proposal? If so, provide the annual savings and information to support its conclusion.

2. a. Of the 559 estimated new customers obtained through conversions and new construction, how many will be obtained as a

direct result of Delta's proposal to provide free service line installations and replacements? Provide support with details of estimates and research conducted.

b. Provide historical figures for the last 5 years on the number of residential customers Delta has added as a part of regular ongoing operations.

3. Explain in detail the "Future Impact" analysis on pages 7 and 8 of the response to the March 28, 1989 Order. Include in this response an explanation of what the 30 percent represents.

4. Explain the derivation of the \$2 per foot used for installation of the service lines.

5. Does Delta expect to use the same procedure to replace service lines as it does for installation of new service lines? If not, explain how the installation procedures would differ. Also, provide the cost per foot for each procedure.

6. a. How much does it currently cost Delta to install a line from the main to the curb box or service tee as the case may be? Provide documentation.

b. How much does it currently cost a customer to install a service line from the curb box or service tee to the customer premises? Provide documentation.

c. How much would it cost Delta to install a service line from the curb box or service tee to the customer premises? Provide documentation.

d. How much does Delta anticipate it will cost to install a line from the main to the customer premises? Provide documentation.

7. Provide estimates and supporting analysis of the number of customers Delta would lose if it continues its present policy of requiring customers to pay the cost of replacement of service lines.

8. a. What is included in the \$35 average cost to fix a leak as shown on pages 6 and 9 of Delta's response to the March 28, 1989 Order?

b. Explain how Delta arrived at this figure (i.e., contractors, company history, etc.).

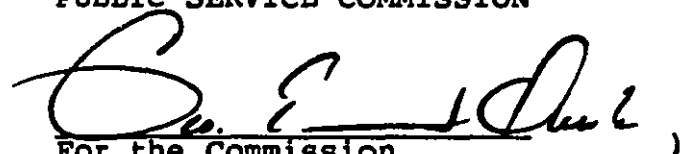
9. Delta states at page 5 of its response to the March 28, 1989 Order that it believes 500 service lines will be replaced in the first year, yet it also states at page 2 that these lines will be replaced when Delta determines a need. Delta further states at page 2 that 93 service lines were replaced last year. How did Delta arrive at the 500 lines to be replaced? Why will there be an increase in the number of lines needing to be replaced?

10. Considering all of the previously mentioned rate base, revenue, and expense impacts of Delta's proposal to incur the cost of installation and replacements of service lines, provide the revised total revenue requirement effects for the 30-year period on an annual basis. Also, include the effect on a per Mcf basis.

Done at Frankfort, Kentucky, this 19th day of May, 1989.

PUBLIC SERVICE COMMISSION

ATTEST:


For the Commission

Executive Director